



December 21, 1992

PETER E. SCHMIDT
Regional Sales Manager

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TO: DISTRIBUTORS OF R.J.R. PRODUCT

RE: RETURNED GOODS

To Our Valued Customers:

In recent years, RJR has decided to utilize a marketing strategy whereby our cigarette brands are promoted at retail either by discounting (coupons and Voluntary Price Reductions) or premiums (Lighters, Hats, etc.) or Buy Some Get Some Free. We do this for two reasons: franchise smoker protection and possible conversion from competitive brands. We intend to continue this marketing strategy for the foreseeable future.

Another result of our strategy is the unauthorized return of some promotional product by retailers to the distributor. We would like to put a stop to this practice. Therefore, I am asking you to not accept any R.J.R. product from a retailer unless it has been authorized by an R.J.R. Representative. Your local representative will advise you how product will be identified. The R.J.R. product returned by our Sales Representatives will also be identified in this same manner.

During the month of January, we will inform the retail trade of our policy.

Your continued cooperation with the distribution of R.J.R. products is much appreciated.

Sincerely,

Peter E. Schmidt
PES/rm

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